

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2555 – Insurance Division Omnibus Bill (LSB 5431 HV.1)

Analyst: Deborah Helsen (Phone: (515) 281-6764) (deborah.helsen@legis.state.ia.us)

Fiscal Note Version – New

Description

House File 2555 relates to various matters under the purview of the Iowa Insurance Division of the Department of Commerce. The majority of the changes are technical, with the exception of changes that increase registration and renewal of registration fees for securities agents and an increase to the license fee for rating organizations. Other significant changes include the establishment of the Consumer Advocate Bureau within the Insurance Division, the inclusion of dental insurance coverage claims for eligibility for external reviews, and codification of the Division's current process relating to viatical settlements.

Background

Currently, the fee for registration or renewal of registration for securities agents is \$30. House File 2555 increases the fee to \$40 and appropriates the increase of \$10 to the Securities Investor Education and Financial Literacy Training Fund. The Bill provides for an expansion of the Investor Education initiatives currently practiced within the Insurance Division. It also increases the maximum balance of the Fund at the end of each fiscal year from \$200,000 to \$500,000 before excess funds are reverted to the General Fund.

The Bill increases the current license fee for rating organizations from \$25 to \$100. These fees are transferred to the General Fund. Currently there are eight organizations that are affected by this increase.

Assumptions

- There are 86,000 sellers of securities products in the State of Iowa that will be affected by the \$10 increase for a total of \$860,000 of new revenue annually.
- There will be a balance of \$200,000 in the Training Fund at the end of FY 2008.
- There will be a balance of \$500,000 in the Training Fund at the end of FY 2009.
- The Division will spend approximately \$300,000 on Investor Education and Financial Literacy programs annually.
- Eight organizations will be affected by the \$75 increase to the license fee for rating organizations for a total increase of \$600 annually to the General Fund.
- Due to the reorganization of staff within the Insurance Division, the established Consumer Advocate Bureau will not require new FTE positions.
- The cost of external reviews for dental insurance claim appeals is undeterminable.

Fiscal Impact

House File 2555 will increase the ending balance of the Training Fund by \$300,000 and increase revenue to the General Fund by an estimated \$260,000 for FY 2009. For FY 2010, the estimated impact to the General Fund is an increase of \$560,000.

Sources

Iowa Insurance Division
Legislative Services Agency

/s/ Holly M. Lyons

March 17, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
